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FEATURED Q&A

How Can Road Safety Be Improved in Latin America?



Traffic crashes are a leading cause of death in Latin America. A fatal 2014 crash in Mexico's Jalisco State is pictured above. // Photo: State of Jalisco.

Q Latin America ranks among the top regions of the world in deaths from road traffic crashes, according to World Bank data, and for people aged 15 to 44, road crashes are the leading cause of death in Latin America, according to data released in 2013. What factors have made Latin America's roads so dangerous? What should be done about the problem, and which actors can make the most difference? What are the economic and social costs of the region's tragic road safety track record? Within the region, which countries or areas have made the most progress on the problem in recent years?

A Marc Shotten, program manager for Global Road Safety Facility at the World Bank Group: "The number of road crashes in Latin America is unfortunately much too high. According to the Economic Commission for Latin America and the Caribbean (ECLAC), the number of road deaths grew in the year 2000 from 14.75 per 100,000 inhabitants to 17.68 a decade later. At the recent 2015 Global Ministerial Meeting for Road Safety, at the mid-point of the U.N. Decade of Action for Road Safety 2011-2020, the World Health Organization estimated a slight reduction to 15.9 deaths per 100,000—not fast enough in a region that has seen increased motorization and urbanization, and against the backdrop of a global Sustainable Development Goal (SDG 3.0) target to reduce global road fatalities by half by the year 2020. Strong institutions are vital for managing road safety's complexities. Argentina and Colombia have both made efforts in recent years to set up national

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TODAY'S NEWS

POLITICAL

Brazilian Senate Approves Labor Reform Measure

Supporters say the reform, pushed by President Michel Temer, is needed to boost the economy. However, opponents, including labor unions, say the changes take away workers' rights.

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ECONOMIC

Consortium Announces Major Oil Find in Gulf of Mexico

The consortium of companies said the discovery is the world's largest in the past five years.

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POLITICAL

Prosecutor Seeks Jail for Peru's Humala, Wife

A prosecutor is seeking to jail former Peruvian President Ollanta Humala and his wife, Nadine Heredia, for 18 months to prevent them from fleeing the country. The couple is accused of pocketing bribe money from Brazilian construction firm Odebrecht.

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Humala // File Photo: Peruvian Government.

ECONOMIC NEWS

Brazilian Senate Approves Labor Reform Bill

Brazil's Senate on Tuesday approved labor reform legislation, which updates the country's decades-old labor laws, making employment rules more flexible and eliminating mandatory union dues, among other changes, The Wall Street Journal reported. The Senate's passage of the bill, on a vote of 50-26 with one abstention, was seen as a sign that lawmakers remain committed to embattled President Michel Temer's push for reforms, despite falling support for his government, Bloomberg News reported. The reform will help boost growth, Rafael Sabadell, a fund manager at GGR Investimentos, told The Wall Street Journal. Labor unions have opposed the changes, saying they trample workers' rights. The lower house previously passed the reform, which will now be sent to President Michel Temer for his approval.

POLITICAL NEWS

Peruvian Prosecutor Seeks to Jail Humala as Case Is Prepared

Former Peruvian President Ollanta Humala and his wife Nadine Heredia may face 18 months in jail in order to prevent them from fleeing the country while money laundering charges are prepared against them, Reuters reported Tuesday. Prosecutor Germán Juárez of the attorney general's office gave a written request to Judge Richard Concepción, in which he said he had evidence that the couple took money obtained illicitly from Brazilian construction conglomerate Odebrecht and former Venezuelan President Hugo Chávez that they then used to fund Humala's campaigns and for personal enrichment. A hearing on the request is scheduled for today. If the request is granted, Humala would be the second former Peruvian president sought for arrest due to the Odebrecht's admission last year that it

NEWS BRIEFS

Consortium Announces Major Oil Find in Gulf of Mexico

U.S. energy company Talos, Mexican energy company Sierra Oil & Gas and the United Kingdom's Premier Oil today announced a "historic and significant" oil discovery in shallow waters of the Gulf of Mexico, which the consortium says is the largest find anywhere in the world in the last five years, the Financial Times reported. The consortium announced this find two years after winning the only two blocks awarded in Mexico's first oil tender in July 2015.

Argentina's Inflation Rises 1.2 Percent in June

Argentina's consumer prices rose by 1.2 percent in June, government statistics agency Indec said Tuesday, in the first release of a national index since President Mauricio Macri took office a year and a half ago, Reuters reported. The index was a milestone for the Macri administration, which has been seeking to restore credibility to its official statistics apparatus after the country faced allegations that former President Cristina Fernández de Kirchner's administration had manipulated the statistics to make them look more favorable. Consumer prices rose 11.8 percent nationwide in the first half of this year and by 12 percent in the Buenos Aires area.

U.S. Energy Secretary to Travel to Mexico City

U.S. Energy Secretary Rick Perry will travel to Mexico City on Thursday to participate in talks with Mexican President Enrique Peña Nieto and Mexican Energy Secretary Joaquín Coldwell, the U.S. Department of Energy said Tuesday. During the visit, the three will discuss Mexico's energy reform that began under Peña Nieto in 2013, as well as energy partnership between the two countries.

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road safety agencies. Adequate funding and training for enforcement are equally critical, in particular given a 40 percent increase in fatalities in countries such as the Dominican Republic and Venezuela, due to motorcycle use. Equally so, the provision of protective infrastructure is critical, as pedestrians, cyclists and motorcyclists account for 70 percent of the victims of urban road accidents. Necessary efforts are also underway for critical data collection, as evidenced by the recent establishment of the first crash data observatory in the region, the Ibero-American Road Safety Observatory. Moreover, consumer awareness-raising organizations like LatinNCAP (New Car Assessment Program) are detailing the lack of fundamental safety features on cars produced in and exported to Latin America, prompting stronger vehicle safety regulations and manufacturer compliance. Finally, the active road safety NGOs in the region will be critical to continuing to

raise awareness at the local and national levels. With road crashes as the number-one killer of people between the ages of 15 and 29 globally, entire generations will face hardship unless strong action is taken to reduce their devastating impact."



Lidia Fromm Cea, executive director of the Mesoamerica Project for Integration and Development: "Studies reveal

that road safety and mortality disproportionately affect developing countries; although 48 percent of all vehicles are in developing countries, 91 percent of global traffic-related deaths occur in these countries. While the causes are diverse, several factors are common in the region, including: 1) Poor public transportation systems lead more people to buy cars, which results in an ever-growing number of vehicles on the road; 2) Corruption and improper use of public resources

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had bribed leaders across Latin America in exchange for lucrative government contracts. Humala denied wrongdoing and called Juárez's request "surprising and abusive." Concepción in February ordered former President Alejandro Toledo to be jailed for up to 18 months ahead of his trial over allegations that he took \$20 million in bribes from Odebrecht. Toledo is believed to be in the United States and has denied wrongdoing.

BUSINESS NEWS

Mercadolibre Plans Expansion Into Lending

Argentine online marketplace Mercadolibre is planning to expand its operations into areas including lending and logistics management in order to increase its market share in Brazil, according to Chief Operating Officer Stello Tolda, The New York Times reported Tuesday. The company's operations in Brazil account for half of its total business, Tolda said. "There is still a lot of room for everyone to grow in Brazil," he added. "Brazil is more like a cake that is getting bigger than a market where you have to steal slices from others in order to grow." He said the strategy to expand into lending and logistics management will prevent the money that reaches Mercadolibre from leaving. The company is one of Latin America's largest e-commerce outlets, and it provides technological infrastructure for small and large retailers to sell goods online. It is looking into offering a goods pickup service for larger retailers that use Mercadolibre to sell their products, and is also considering offering financing to companies that use the site.

Brazilian Banks Eye Large Payday From Carrefour Unit IPO

This month's initial public offering for the Brazilian unit of French retailer Carrefour is

THE DIALOGUE CONTINUES

Is Panama Making the Right Move by Recognizing China?

Q **Panamanian President Juan Carlos Varela on June 21 defended his country's decision the week before to give diplomatic recognition to China, effectively cutting off diplomatic relations with longtime ally Taiwan. He said the move was "the right thing to do," adding that it would bring investment and trade to the country. Did Panama make the right decision in giving diplomatic recognition to China? What will be the consequences for Panama, China and Taiwan? How likely is it that other Central American or Caribbean countries will follow suit?**

A **Marco A. Gandásegui, Jr., professor of sociology at the University of Panama and researcher at Centro de Estudios Latinoamericanos (CELA):** "Panama's decision to establish diplomatic relations with the People's Republic of China was late—several decades late. However, it was welcomed in Panamanian circles, especially by the business community. Beyond the speculative ramifications, Panama can look forward to a very strong political and commercial initiative on Beijing's behalf. China is very interested in the Panama Canal's potential to become its 'hub' in the Western Hemisphere. It has and continues to invest in port facilities near the Panama Canal. It also has

expected to generate nearly \$42 million for the group of banks that are handling the offering, Bloomberg News reported Monday, citing a regulatory filing by Carrefour. The lead bookmaker on the offering, Banco Itaú BBA, is expected to receive half that amount, with the rest of the participating institutions, Bank of America, Goldman Sachs, Banco Bradesco BBI, Banco Santander, JP Morgan Chase & Co. and BNP Paribas, dividing up the rest. The amount is expected to be the largest payday for IPO bankers

shown interest in other investments. President Varela's formal announcement did not mention any specific plans Panama might have. Some say Panama's traditional governing establishment will seek more immediate cash benefits from Beijing—a reminder of past diplomatic relations with Taipei, only on a larger scale. This is, however, an opportunity Panama cannot pass up. A partnership can mean a revolution for Panama's 'third-world' economy. Panama has had unfulfilled plans for the last century to build railroads crossing the country, as well as modern highways. It can also join forces with Beijing to build new ports on both its seaboards that can blend into the Canal's growing cargo demands. The new relations between Panama and China challenge the local social and economic forces to come up with the right answers concerning the countries' respective futures. Will Panama continue to ask for a handout in exchange for the use of its privileged position in the hemisphere? Or will it take advantage of this juncture to put all its potential into a national development program?"

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in Friday's issue of the Advisor.

in Brazil in eight years, Bloomberg news reported. "This is the year of the comeback for IPOs in Brazil," Joelson Oliveira Sampaio, a finance professor at Fundação Getulio Vargas, told the news service in a phone interview. "The market had stalled, with only a handful of deals since 2014." Just four IPOs were completed in Brazil between 2014 and 2016 amid the country's political and economic turmoil. However, this year has seen a recovery, with 5.82 billion reais coming to market so far this year.

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for road construction means poor construction methods and road conditions; 3) A lack of investment in road construction leads to too many single-lane roads; 4) Cars that are produced in the region may be cheaper than those produced elsewhere, but tend to lack the safety features the latter ones have; 5) There is an evident lack of public education campaigns for road-safety awareness; and 6) Drivers in the region tend to overlook pedestrian and cyclists' safety. According

“Studies reveal that road safety and mortality disproportionately affect developing countries...”

— Lidia Fromm Cea

to information from the WHO, countries that have adopted a comprehensive approach to road safety have been the most successful in reducing the number of injuries and deaths due to traffic accidents. Today, although national and multilateral efforts have been made in Latin America, road-crash mortality rates continue to rise, because the measures that have been taken are isolated initiatives, when they ought to be holistic. Such holistic plans should approach road safety with a focus on road safety management, legislation, information systems, sustainable mobility, safer roads and the use of safer vehicles—but also safer road users and post-crash response so that more lives can be saved. According to ECLAC data, men account for 79 percent of the road traffic deaths in Mesoamerica. In economic and social terms, our active economic population is reduced, and the costs for health systems are increased. According to data from PAHO and ECLAC, deaths due to road traffic are lower in Mesoamerica compared to the Spanish-speaking Caribbean, the Andean sub-region and the Southern Cone. However,

the proportion of pedestrians in total deaths for traffic accidents is higher in Mesoamerica as compared to other regions.”

A Eugênia Rodrigues, regional advisor on road safety at the Pan American Health Organization (PAHO): “The most recent data on road traffic mortality from the Pan American Health Organization/World Health Organization (PAHO/WHO) indicate that Africa, rather than Latin America, is the region with the highest number of traffic deaths per 100,000 people. And indeed, most Latin American countries have lower traffic mortality than the average rates of other world regions. Still, the region's figures are far from acceptable. Latin America's urban population has grown dramatically since the middle of the 20th century, creating rapidly growing transportation needs. Unfortunately, these needs have not been addressed with comprehensive transportation policies that prioritize safety, and many countries lack capacity to effectively manage and enforce road safety. The result is a highly inequitable road safety scenario in which pedestrians, cyclists and motorcyclists (the most vulnerable road users) account for the largest share of road traffic deaths (45 percent in 2013). To improve the situation, changes are needed in two main areas: 1) new or improved laws that address the five major risk and protective factors: excessive speed, drinking while driving, and the use of motorcycle helmets, seat belts and child restraints; and 2) better enforcement of traffic safety laws. Countries also need to do more to ensure that their road infrastructure is safe for all road users, including by increasing public investment in more and better-quality public transportation. It is also important to recognize the critical role that post-crash medical care can play in mitigating the consequences of road traffic crashes. Road safety is a concern that needs to be addressed by all sectors of society, but governments play a central role in defining the necessary policies and investments.”

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